



**MINUTES OF THE AUDIT COMMITTEE OF THE
NORTH EAST SURREY COLLEGE OF
TECHNOLOGY FURTHER EDUCATION
CORPORATION HELD ON TUESDAY 14 MARCH
2017 AT 09.00 IN THE BOARD ROOM (SP216)**

PRESENT	IN ATTENDANCE
Ms Catherine Biscoe (Chair) Mr Graeme Hodge Ms Maureen Kilminster	Mr Mike Cheetham – RSM Mr Cliff Hall - Principal Ms M Vetrone - Deputy Chief Accounting Officer Mr D Round - Clerk to the Corporation
Attendance = 100%	

A confidential meeting of members of the Committee and the auditors only took place.

17.16	APOLOGIES FOR ABSENCE
No apologies were received.	
The Clerk reported the resignation of Ms Yasmeen Malik from the Corporation. There was therefore a vacancy on this Committee.	
18.16	DECLARATIONS OF INTEREST
Cliff Hall, in attendance at the meeting, declared an interest as an unremunerated director of NBS Ltd and NCL. Maureen Kilminster reported that she is a former Principal of Brooklands College and a trustee of Surrey Lifelong Learning Network.	
19.16	MINUTES
The minutes of the meeting held on 02 December 2016 were approved as a correct record.	
20.16	MATTERS ARISING
The meeting received and noted a paper (Appendix B) that provided an update about the status of matters referred from the previous meeting. All other matters were the subject of report at today's meeting. Oral update reports were given as follows: -	
05.4 SFA Funding Assurance Review Report, 2015-16	
It was confirmed that no discrepancies were found in the data for part time band students in the re-sample undertaken by the auditors.	
10.16 Draft Procurement Strategy	
The Committee was advised that anti-slavery legislation did not apply to the College as its turnover was less than £30m.	

<p>21.3 Internal Audit Progress Report Feb 2017</p>	<p>The internal audit assignment on sub-contracting was received.</p> <p>The Committee received and noted the progress of audit assignments in the current year. It was confirmed that the updated Post-16 Code of Audit Practice replacing the Joint Audit Code of Practice (JACOP) would be reviewed at the next meeting of the Audit Committee (ACTION: DR/MV).</p>
<p>22.16</p>	<p>UPDATE ON OUTSTANDING AUDIT ACTIONS</p>
<p>The Committee received and noted a report that reviewed the status of recommended actions arising from previous audit assignments. Of the 11 audit recommendations 9 had been implemented by the College. The two outstanding actions were: -</p> <ul style="list-style-type: none"> (1) sufficient stocks of personal protective equipment to be made available in curriculum workshops; and (2) arrangements for the supervision of students on educational trips are documented and reflect current practice. <p>Both actions were in the process of implementation.</p>	
<p>23.16</p>	<p>RISK MANAGEMENT – STRATEGIC RISKS</p>
<p>23.1 NEScot (UK)</p>	<p>The strategic risks register was presented to the Committee. The Committee noted the key changes to the risk profile as follows: -</p> <ol style="list-style-type: none"> 1. One new ‘High’ net risk downgraded from ‘Significant’, relating to ‘the failure to recruit and/or retain suitably qualified professional and teaching staff (that) may lead to poor staff performance, decline in teaching quality, and failure to achieve the College’s strategic objective and priorities’. This had been revised in the light of recent data on comparative employee turnover and recruitment metrics. 2. One new ‘Significant’ risk, increased from ‘Acceptable’ concerning the ‘failure of the curriculum offer to meet the needs of learners and employers that may lead to low achievement and success rates, failure to achieve success in inspection, failure to achieve student recruitment targets, significant reductions in funding, and damage to reputation.’ <p>It was confirmed that the College met the needs of regulatory bodies noting that Ofsted at the 2016 inspection had found that the curriculum had developed to meet the needs of learners.</p>

<p>23.2 The Jeddah College (KSA)</p>	<p>Overall, 61% of all net risks were categorised as ‘Significant’ and ‘High’ (56% at the last report) and 44% were ‘Significant’ risks. A continuing area of concern was student recruitment and the conversion of applications to enrolments. The areas of risk relating to the Jeddah College remained significant including issues of reputational damage and financial exposure.</p> <p>In response to questions from members of the Committee, the internal auditors commented that NESCOL’s risk profile was probably higher than some other colleges because of its international work but it also reflected the robust way the College approached the assessment of risk.</p> <p>Following discussion, it was recommended that the College add a section to the register for ‘emerging’ risk for example, responses to the introduction of the new technical and professional curriculum (so-called ‘T’ levels) (ACTION: MV).</p> <p>The Strategic Risk Register report was received and noted by the Committee.</p> <p>The Audit Committee reviewed the NCL Risk Register for the Jeddah College. The Committee noted the late submission from NCL. It commented further that the risk register was not owned by the Audit Committee but was owned by NCL who submitted it to NBS as the majority shareholder in NCL who, in turn, invited the Audit Committee to comment on the report in the context of the risks to which the College was exposed through the Saudi project.</p> <p>The Audit Committee requested that its considerable disquiet about the poor quality of the risk report provided by NCL be expressed to NBS for communication to NCL in an appropriate forum (ACTION: DR/MV). It urged NBS to request that NCL urgently reviews the register. The Committee expressed the following concerns: -</p> <ol style="list-style-type: none"> 1. The report had not been updated in any meaningful way since it was last received at the Audit Committee over 12 months ago; 2. The risk profile remained unrealistic given what was known about the current operating environment and the ongoing discussions between the parties; and
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	3. Risk 15 regarding financial returns urgently reviewed review given the known issues with the accuracy and regularity of financial information from NCL.
24.16	RISK ASSURANCE FRAMEWORK
24.1 NESBOT (UK)	<p>The updated risk assurance map for the UK College was received, noting the ‘three lines of defence’ assurance model i.e. management; other (external); and audit.</p> <p>The Committee noted the high level of assurance provided to the Committee. The Committee commented: -</p> <ul style="list-style-type: none"> • It would be useful to have more information in the 1st line of defence (management) about the progress of actions being taken by the College. • Given the obligations placed upon public sector organisations in terms of the recruitment of apprentices, the College may wish to consider introducing a standard procedure when evaluating new posts or vacancies to evaluate whether a role could be undertaken by an apprentice, if necessary reconfiguring the role accordingly (ACTION: MV).
24.2 The Jeddah College (KSA)	<p>The Committee expressed its disquiet about the quality of the NCL risk assurance report that had not been updated for over 12 months. It requested that the matter be referred to NBS for urgent review by NCL. (ACTION: DR/MV). It was noted that Risk 12 did not feature in the Risk Assurance map.</p>
25.16	HEALTH AND SAFETY REPORT
<p>The Health and Safety report was received for information. The Audit Committee welcomed the improved and more detailed nature of the report and it was also pleased to be advised of the introduction of the new logging system. The Committee commented as follows: -</p> <ol style="list-style-type: none"> 1. All departments should respond in a timely way to requests regarding Personal Protective Equipment (PPE); 2. In addition to having confirmation that PPE was available it was equally important to know that it was being used (ACTION: MV); 3. There was an inconsistency in the information presented on page 5 of the report regarding accidents in 2014/16 (ACTION: MV); and 4. The overall level of accidents for a College with such a large construction department appeared low: there was a concern about possible under-reporting (ACTION: MV). 	

The Committee was advised about the changes in the health and safety function at the College. The Committee noted the forthcoming retirement of the current Safety and Technical Co-ordinator who had given the College such long service. A letter of thanks to Mr Clift would be sent from the Committee (ACTION: DR) .	
26.16	ANY OTHER BUSINESS
There was no further business and the meeting ended at 10.50	
27.16	DATE AND TIME OF NEXT MEETING
The next meeting of the Audit Committee would take place on 23 June 2017 at 09.00.	
28.16	CONFIDENTIAL ITEMS
The representative of the Audit firm withdrew from the meeting at this point.	

Signed Date

Catherine Biscoe, Chair of the Audit Committee

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